PBI Levelized Payment Explanation

Levelized PBI Monthly Payment Amounts at 8% discount rate

Step	Statewide MW in Step	EPBB Payments (per watt)			PBI Payments (per kWh)		
		Res	Non-Res	Non-Tax	Res	Non-Res	Non-Tax
1	50	$2.80	$2.80	$2.80	**	**	**
2	70	$2.50	$2.50	$3.25	$0.39	$0.39	$0.50
3*	100	$2.20	$2.20	$2.95	$0.34	$0.34	$0.46
4	130	$1.90	$1.90	$2.65	$0.26	$0.26	$0.37
5	170	$1.55	$1.55	$2.30	$0.22	$0.22	$0.32
6	230	$1.10	$1.10	$1.85	$0.15	$0.15	$0.26
7	300	$0.65	$0.65	$1.40	$0.09	$0.09	$0.19
8	400	$0.35	$0.35	$1.10	$0.05	$0.05	$0.15
9	500	$0.25	$0.25	$0.90	$0.03	$0.03	$0.12
10	650	$0.20	$0.20	$0.70	$0.03	$0.03	$0.10

* For PBI Calculations, the first three steps assume a capacity factor (CF) of 0.18; Steps 4-10 assume a CF of 0.20.
** The first 50 MW incentives are disbursed under the 2006 SGIP program; PBI payments do not apply.

Overview:
We convert from a capacity based output (in watts) to a performance-based output (in kWh). We calculate a levelized monthly payment so that we can provide a uniform per kWh incentive that adjusts for discount rate and is equivalent to an up-front EPBB payment.

In order to convert from EPBB payments to a levelized monthly PBI payment, we calculate and assume the following:

- We assume an 8% discount rate (which we divide by 12 disbursement periods)
- 60 monthly periods during the time of the five-year payment period under PBI
- The Present Value of the payment to be levelized is the value of the EPBB
- We make each payment occur at the end of the payment period
- We levelize each payment into a uniform series
- We multiply the levelized payment by the Capacity Factor (either 0.18 or 0.20 depending on which Step)
- We divide the levelized payment by the kWh/month per Watt (0.1314 or 0.146 depending on the CF)
- This gives us the levelized monthly PBI Payments in $ per kWh